1993

vencap

ANNUAL REPORT

OWNED ENTIRELY BY INDEPENDENT SHAREHOLDERS AND MANAGEMENT, VENCAP WAS ESTABLISHED IN 1983 WITH A CAPITALIZATION OF $244 MILLION. TOTAL NUMBER OF COMMON SHARES OUTSTANDING AT YEAR-END MARCH 31, 1993, WAS 3,465,865. VENCAP'S SHARES AND DEBENTURES ARE PUBLICLY TRADED ON THE ALBERTA STOCK EXCHANGE.

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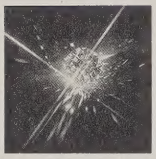
CORPORATE DIRECTORY *(Inside Back Cover)*

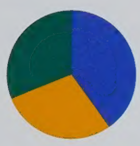


ANNUAL GENERAL MEETING
10:00 A.M., THURSDAY, JULY 22, 1993
THE WESTIN HOTEL
320 - 4TH AVENUE SW, CALGARY, ALBERTA

SINCE 1983, VENCAP HAS GENERATED A RETURN TO ITS ALBERTA STAKEHOLDERS OF ALMOST $160 MILLION.

PERFORMANCE

VENCAP SHARE PRICE annual returns and cumulative increase since 1983 initial public offering	14.8%
VENCAP CONVERTIBLE DEBENTURES annual returns and cumulative increase since 1983 initial public offering	12.6%
TORONTO STOCK EXCHANGE annual returns and cumulative increase in share price index since 1983	8.0%

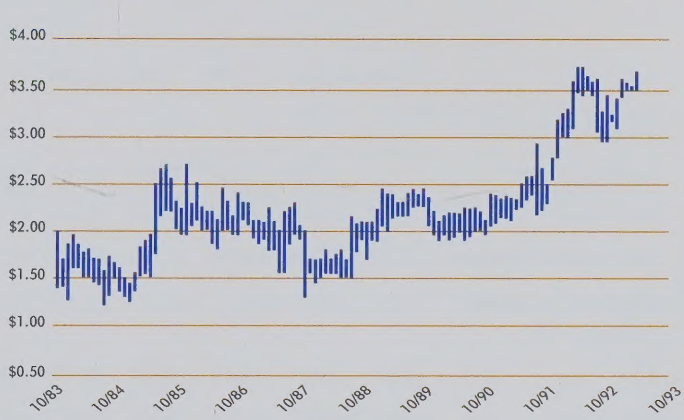


$63.1 MILLION
INTEREST PAID ON LOAN FROM PROVINCE OF ALBERTA

$45.0 MILLION
DIVIDENDS AND DEBENTURE INTEREST PAID TO SHAREHOLDERS AND DEBENTURE HOLDERS

$49.1 MILLION
EQUITY EARNED AND ACCRUED ON SHAREHOLDERS' BEHALF

TOTAL:
$157.2 MILLION

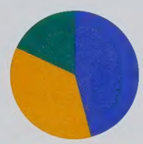


Since 1983, Vencap has invested and committed $226.6 million to create new and build existing Alberta businesses, and to forge new links between Alberta and the centres of excellence and development activities that exist elsewhere.

RETURN ON INVESTMENT

(DOLLARS)	*1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
INITIAL OUTLAY OCTOBER, 1983 (50 COMMON SHARES AND $500 CONVERTIBLE DEBENTURE)	$550									
CASH RECEIPTS (INTEREST AND DIVIDENDS)	$13	$60	$60	$60	$60	$60	$60	$63.50	$64.50	$64.50
MARCH 31, 1993, MARKET VALUE										$777.50
RATE OF RETURN ON ORIGINAL INVESTMENT, COMPOUNDED ANNUALLY										12.9%

** Partial Year*



$104.6 MILLION
EDMONTON AND AREA

$81.4 MILLION
CALGARY AND AREA

$40.6 MILLION
STRATEGIC LOCATIONS OUT-OF-PROVINCE

TOTAL
$226.6 MILLION

VENCAP'S ASSET BASE *reflects our risk – management practices of maintaining a healthy, stable balance between the risk of venture capital investments and a secure portfolio. The difference between Total Assets and the Carrying Value of the Venture Portfolio is comprised almost entirely of Vencap's Marketable Securities Portfolio – consisting solely of the highest quality, publicly traded preferred shares and government-backed securities.*

RETAINED EARNINGS *is the accumulation of annual net incomes, less dividends and other capital items. It is from retained earnings that dividends to shareholders are paid.*

NET ASSET VALUE PER SHARE *is based on shareholders' equity divided by the number of common shares issued and outstanding. It represents the underlying value of Vencap to shareholders on a per share basis and results from the application of conservative accounting practices, including accounting for most venture investments at cost, writing down unsuccessful investments and providing an allowance against future possible losses.*

BALANCE SHEET HIGHLIGHTS

(Thousands, except per share figures)

	*1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
ASSETS	250,978	264,121	266,805	271,174	279,035	294,685	294,069	287,410	292,684	293,265
MARKETABLE SECURITIES	240,592	243,315	216,792	210,410	202,239	217,386	203,725	192,885	177,691	175,435
VENTURE INVESTMENTS *(Carrying Value - net of allowance)*	3,000	11,090	38,194	50,811	69,930	71,085	82,457	87,790	109,330	113,486

	*1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
RETAINED EARNINGS										
Beginning of Year	–	1,093	8,908	16,487	24,802	32,737	42,133	48,424	48,971	53,554
End of Year	1,093	8,908	16,487	24,802	32,737	42,133	48,424	48,971	53,554	57,558
SHAREHOLDERS' EQUITY	5,348	12,399	17,856	21,390	30,275	40,141	46,482	48,715	50,764	53,267
NET ASSET VALUE PER COMMON SHARE										
Basic	$1.26	$2.84	$4.06	$4.80	$6.86	$9.12	$10.60	$12.00	$13.06	$14.44
Fully Diluted	$2.03	$2.31	$2.54	$2.67	$3.04	$3.45	$3.71	$3.95	$5.41	$5.67
SHARE PRICE *(at March 31)*	$1.62	$1.75	$2.05	$1.95	$1.65	$2.25	$2.15	$2.30	$3.75	$3.55

**Partial Year*

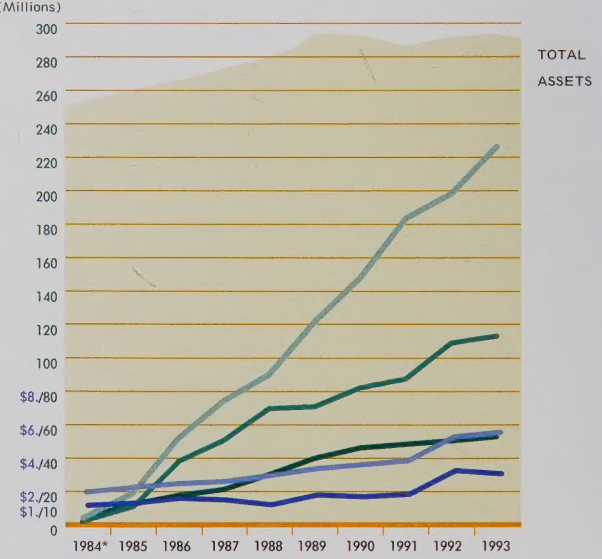
VENTURE INVESTMENTS (CUMULATIVE SINCE 1983) $226.6 MILLION

VENTURE INVESTMENTS (CARRYING VALUE OF CURRENT PORTFOLIO AT YEAR-END) $113.5 MILLION

SHAREHOLDERS' EQUITY $53.3 MILLION

NET ASSET VALUE PER SHARE (FULLY DILUTED) $5.67

SHARE PRICE SHARES CLOSED MARCH 31, 1993 AT $3.55



**Partial year*

Original share offering October, 1983, at $1.00 per share

INCOME STATEMENT HIGHLIGHTS

(Thousands, except per share figures)

	*1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
REVENUE										
Dividend & Interest Income										
Marketable Securities	10,563	25,439	23,862	22,311	19,526	17,886	21,341	20,060	17,139	14,227
Venture Investments	–	120	1,270	1,445	2,360	4,575	3,665	2,383	3,636	3,709
Gains on Disposition										
Marketable Securities	–	–	–	–	776	–	–	–	36	2,346
Venture Investments	–	–	–	344	–	18,560	–	3,447	1,330	8,894
Losses on Disposition										
Marketable Securities	–	–	–	–	–	(274)	(18)	(174)	–	–
Venture Investments	–	–	(2,300)	–	–	(588)	(232)	(4,711)	(653)	–
Permanent Impairments	–	–	–	–	–	(8,847)	(5,000)	(10,450)	(1,292)	(9,003)
TOTAL REVENUE	10,563	25,559	22,832	24,110	22,662	31,312	19,756	10,555	20,196	20,173
EXPENSES										
Interest on Long-term Debt (Province of Alberta loan)	2,593	9,475	7,696	8,183	7,159	10,864	5,591	709	5,462	5,346
Interest on 12% Convertible Debentures	2,249	4,800	4,800	4,800	4,800	4,800	4,800	4,663	4,260	3,992
NET INCOME	2,307	7,815	7,578	8,315	7,935	9,486	6,291	1,327	5,492	5,165
EARNINGS PER SHARE										
Basic	$0.58	$1.83	$1.73	$1.86	$1.80	$2.16	$1.43	$0.31	$1.36	$1.39
Fully Diluted	$0.15	$0.41	$0.41	$0.45	$0.44	$0.48	$0.33	$0.10	$0.47	$0.47

REVENUE *includes interest and dividend income from both the Marketable Securities Portfolio and Venture Investment Portfolio. Since 1983, total interest and dividend income earned has amounted to $192.4 million and $23.2 million respectively. Total Revenue reflects adjustments for gains, losses and permanent impairments.*

The Province of Alberta has been paid $63.1 million since 1983 under terms of the loan agreement and all terms and conditions of the loan have been met.

Debenture holders have received $44.0 million of interest since 1983. A further $1.0 million of dividends has been received by shareholders.

TOTAL VENTURE INVESTMENTS (MILLIONS)

	Over 10 Years	Fiscal 1993
Investments & Commitments		
– New Investments	$136.3	$ 6.4
– Follow On Investments	$ 83.8	$17.9
– Commitments	$ 6.5	$ 6.5
Total	$226.6	$30.8
Number of Companies	66	38

VENCAP'S INVESTMENT ACTIVITIES DURING THE LAST 10 YEARS HAVE HELPED STRENGTHEN EXISTING ALBERTA INDUSTRIES — AGRICULTURE, TOURISM, THE RETAIL SECTOR — AND SEEN THE CREATION OF NEW ONES THROUGH OUR SUPPORT OF EMERGING TECHNOLOGIES AND DEVELOPMENTS IN THE KNOWLEDGE-BASED ERA UPON US. EXAMPLES OF EACH ARE FEATURED IN LATER PAGES OF THIS ANNUAL REPORT.

MESSAGE TO SHAREHOLDERS

Vencap embarks on its 10th year of operation with the publication of this annual report to shareholders. Our first decade has been successful, profitable, worthwhile. We are proud of the results of our efforts and know that, in their entirety, they have resulted in significant benefit to our shareholders and our community. Vencap has made a difference.

Details of the year's activities – our wins and losses, operations and results – are contained in the pages before you. This report provides over-all perspective of our operating strategy, particularly with the difficult economic times being experienced.

Since 1983, Vencap has invested and committed $226.6 million of venture capital in 66 companies. Many of these companies would not be in existence today or have experienced the successful growth of their operations were it not for the investment capital and value-added assistance provided by Vencap.

Original shareholders will remember that a goal for Vencap's investment activities was to have achieved $200 million invested by the 10-year milestone. Our success in surpassing this target is notable in that we have never sacrificed quality for the sake of quantity in making these investments. The objective that has defined our operations from the outset has been and remains – to create exceptional shareholder value by aggressively seeking out, investing in, adding value to, and profiting from business opportunities of outstanding potential and benefit to Alberta.

Don Carlson
Chairman of the Board

Success is most meaningful when recognized by others. In terms of rate of return, Vencap ranks in the top 25% of the other 44 North American venture funds also formed in 1983 and in the top 35% of the 220 funds formed between 1976 and 1983. We have achieved this performance by restricting ourselves to only those investments of benefit to Alberta, where less than 1% of the North American population resides.

Profitability is measured by bottom-line performance. Vencap has been profitable from the outset, with average annual net income since inception of $6.5 million. More than 80% of total net income earned since 1983 is preserved as retained earnings within shareholders' equity.

Worth is demonstrated by the impact of the companies in which Vencap has invested. We estimate that approximately 10,000 people are employed by these Alberta-based enterprises, and that the annual revenues they generate are approaching $2 billion.

Growing the businesses with which we are currently involved and exiting from them profitably for the benefit of our shareholders are our principal operating tactics. Continuing to find and develop new investment opportunities that build upon the infrastructure Vencap has established is a challenge defining our strategies for the future.

We live in uncertain times. Canada's economic difficulties and inability to deal with the debt accumulated by living beyond our means is being judged at an international level. We are seeing the weakening of major Canadian

FOR THE YEAR ENDED MARCH 31, 1993,

Vencap's revenues were $20,173,506 compared to $20,195,575 the previous year. Net income was $5,165,085 compared to $5,492,288 reported in 1992. Basic earnings per share at year-end increased slightly to $1.39 from $1.36 the previous year. On a fully diluted basis, earnings per share were $0.47, unchanged from 1992.

The value of shareholders' investment in Vencap is defined by the shareholders' equity accumulating on their behalf. During 1993, shareholders' equity increased to $53,267,178 from $50,764,116 the previous year. Basic net asset value per share increased to $14.44 from $13.06 while fully diluted net asset value per share increased to $5.67 from $5.41.

enterprises; our fiscal and monetary policies have resulted in reduced confidence in Canada by the world's leading economic agencies. The world is experiencing a global recession and political change, the effect of which is a state of inertia among political leaders rather than a will to make tough decisions and implement corrective solutions.

R.A. (Sandy) Slator
President and
Chief Executive Officer

The agents of change – and growth – in any free-enterprise economy have always been the builders of business. In these times of uncertainty, we still see opportunity, or look for ways to create it. Vencap has a well-established history for recognizing investment potential and identifying the entrepreneurial talents that create and build successful businesses.

To that end, to continue being a builder of business in Alberta, Vencap's strategy is to aggressively look beyond our borders to identify and locate investment opportunities that can be attracted to Alberta or, in some way, benefit our existing infrastructure. As has been the case during fiscal 1993, investment focus will be toward technological initiatives, and toward Vencap's establishing a foothold in the geographic centres of new development activity. New investments will be made on a highly selective basis, which may result in a reduced dollar level of new investments as occurred during fiscal 1993.

Attention and time will continue to be directed primarily to building the companies in our current venture portfolio. Many are at a stage of proven, sustainable growth whereby initial public offerings can be considered for some, sale to strategic acquisitors can be facilitated for others. Follow on investing in these companies to ensure they are well-capitalized and positioned for the exit stage of the venture capital process will continue as the primary focus of Vencap's investment activities during the upcoming year.

We will continue to balance our strategy and operating approaches with flexibility, however, and will pursue any exciting investment opportunities that evolve from the current business environment or that emerge from shifting economic circumstances.

Assisting Vencap in building businesses is a strong and effective board of directors, which provides valuable counsel to our investment decisions. During the past year, Peter Macdonnell and Doc Seaman retired as directors and Bob Church and Bud McCaig were appointed as their replacements in the interim period before Vencap's July 22, 1993, annual meeting of shareholders. Doc Seaman was a founding director of Vencap and Peter Macdonnell was elected to the board in 1986. Both gentlemen have given of their time and experience and have contributed significantly to Vencap over the past years.

On behalf of The Board of Directors,

Don Carlson
Chairman of the Board

R.A. (Sandy) Slator
President and Chief Executive Officer

Based on the original purchase price of $550 for a $500 convertible debenture and 50 common shares, Vencap shareholders have received a cash return of $565.50 over the course of their investment and seen the market value of their original $550 investment increase by year-end to $777.50 – a 12.9% over-all rate of return compounded annually.

Vencap's principal stakeholders have received significant financial returns from their investment in Vencap, largely in the form of direct cash payments – $63.1 million in interest payments on the loan with The Alberta Heritage Trust Fund, $45.0 million in dividends and debenture interest to shareholders. Our consistent profitability has seen us generate and retain a further $49.1 million of shareholders' equity. Taken in its entirety, Vencap's 10-year performance represents $157.2 million returned on an original investment of $244 million.

VENTURE CAPITAL INVESTMENTS

Name of Company	Major Products or Services	Fiscal Year First Invested	Stage of Investment: At First Investment	Stage of Investment: At March 31, 1993
CONSUMER PRODUCTS/RETAIL VENTURES:				
Banff Rocky Mountain Resort Ltd.*	Banff Rocky Mountain Resort managing partner.	1986	Expansion	Special Sit'n
CRS Restaurants Inc.	WesterN SizzliN restaurants & Don Cherry's sports bars.	1991	Early Stage	Early Stage
Folkestone Fine Linens Ltd.	High-quality bedroom, bath & table linens.	1990	Early Stage	Sale/Pacific Linen
The Forzani Group Ltd.	Retail sport/leisure clothing & equipment.	1991	Expansion	Expansion
Great Canadian Railtour Company Ltd.	Rocky Mountain Railtour vacation packages.	1991	Early Stage	Early Stage
Liquidation World Inc.+	Close-out merchandise & excess inventory.	1990	Expansion	Expansion
Mark's Work Wearhouse Ltd. +	Retailer of work and casual apparel.	1992	Expansion	Expansion
Marr's Leisure Holdings, Inc.	Distributor of recreational equipment & accessories.	1992	Special Sit'n	Special Sit'n
Medicine Shoppe Canada, Inc.	Canadian chain of retail drug outlets.	1992	Early Stage	Early Stage
Monarch Communications Inc.	Radio, TV & cable stations.	1991	Expansion	Expansion
Museatex Audio Inc.	High-end audio components, electronics & speakers.	1991	Early Stage	Written off
Nova Entertainment Inc.	Fully integrated movie distributor.	1991	Expansion	Written off
Pacific Linen Inc.	North American chain of quality bedroom, bath & table linens.	1993	Expansion	Expansion
Net allowance against consumer products/retail ventures				
Total Consumer Products/Retail Ventures				
INDUSTRIAL/MANUFACTURING VENTURES:				
Albchem Industries Ltd.	Manufacturer of sodium chlorate.	1990	Early Stage	Expansion
ALPECO Limited	Oil field equipment.	1988	Early Stage	Expansion
AMPTECH Corporation	Precision injection-molded plastics.	1987	Expansion	Expansion
Asani International Corporation	International trading company.	1991	Early Stage	Early Stage
Central Western Railway Holdings Corp.	Short-line industrial railway.	1992	Early Stage	Expansion
The Churchill Corporation +	Industrial holding company.	1987	Expansion	Expansion
H.P.I. Beverages Ltd.	Independent bottler & canner of beverages.	1989	Expansion	Expansion
Intercane World Corporation Ltd.	Proprietary sugarcane processing equipment.	1987	Early Stage	Early Stage
K-Bro Linen Systems Inc. ++	Laundry services, primarily health-care related.	1990	Expansion	Expansion
Lakeside Farm Industries Ltd.	Meat packing & integrated agribusiness.	1986	Expansion	Expansion
Mountain Minerals Co. Ltd.	Industrial minerals mining & processing.	1986	Expansion	Expansion
Nascor Incorporated	Energy-efficient building structures.	1986	Expansion	Expansion
Protective Apparel Inc.	Fire-resistant & other protective apparel.	1991	Early Stage	Expansion
PTI Group Inc.	Food services, camp facilities & oilfield supply.	1984	Expansion	Expansion
Sun Country Foods Inc.	Environmentally pure production of fresh produce.	1990	Early Stage	Written off
Net allowance against industrial/manufacturing ventures				
Total Industrial/Manufacturing Ventures				
TECHNOLOGY VENTURES:				
ACT Computer Services Ltd.	Computer services & products.	1986	Early Stage	Written off
Applied Microsystems Corporation	Computer emulation software.	1992	Early Stage	Early Stage
BIOSYS +	Biological pesticides.	1988	Early Stage	IPO **
BTCI Group Ltd.	Agribusiness.	1986	Early Stage	Sale
Cholestech Corporation +	Pharmaceutical & diagnostic medical products.	1991	Early Stage	IPO **
Crystalline Materials Corporation	Advanced materials products.	1993	Early Stage	Early Stage
D & S Petroleum Consulting Group Ltd.	Petroleum industry software products.	1985	Expansion	Written off
Innogenics Inc.	Breast cancer prognostics.	1990	Early Stage	Early Stage
Medwave, Inc.	Medical electronic measurement devices.	1992	Early Stage	Early Stage
Newtek Ventures II	Technology venture capital fund.	1991	Special Sit'n	Special Sit'n
Oncogenetics, Inc.	Testing services relating to the genetic basis of cancer.	1993	Early Stage	Early Stage
OncoTherapeutics, Inc.	Development of cancer therapeutics and diagnostics.	1993	Early Stage	Early Stage
OrthoLogic Corp +	Electrostimulation medical devices.	1989	Early Stage	IPO **
Pathfinder Venture Capital Fund III	Medical & electronics venture capital fund.	1990	Special Sit'n	Special Sit'n
SangStat Medical Corporation	Diagnostic & therapeutic medical products.	1992	Early Stage	Early Stage
Simborg Systems Corporation	Networking software for the health-care industry.	1990	Early Stage	Prior Sale
SPURT Investment Fund I	Technology venture capital fund.	1986	Special Sit'n	Special Sit'n
Ubitrex Corporation	Point-of-care health-care information systems.	1992	Early Stage	Early Stage
Westronic Inc.	Remote monitoring & control systems.	1986	Expansion	Sale
Net write-up of technology ventures				
Total Technology Ventures				
TOTAL VENTURE PORTFOLIO BALANCE				

* Name change from prior year
\+ Publicly traded company
++ Reclassification from prior year
** Initial Public Offering
New Investment and/or Follow On Investment during fiscal 1993

EXIT ACTIVITY OVER 10 YEARS

To March 31, 1993

COMPANY NAME	TOTAL FUNDS INVESTED	NET SALE PROCEEDS	RETURN OF CAPITAL	PERMANENT IMPAIRMENT	DIVIDEND & INTEREST INCOME	TOTAL CASH RETURNED
CONSUMER PRODUCTS/RETAIL						
Alberta Television Network Inc.	291,562	0	0	291,562	0	0
First Choice Wholesalers Inc.	2,100,000	1,446,696	0	0	0	1,446,696
Folkestone Fine Linens Ltd.	850,000	850,000	0	0	0	850,000
Museatex Audio Inc.	2,625,000	0	0	2,625,000	5,842	5,842
Nova Entertainment Inc.	1,600,000	0	600,000	1,000,000	103,015	703,015
Peters & Co. Limited	1,134,366	289,586	1,000,000	0	500,931	1,790,517
Skian Clothing Corporation Inc.	716,000	0	16,000	700,000	1,191	17,191
Western Cartage & Storage (1962) Ltd.	2,494,000	2,148,901	100,000	0	400,941	2,649,842
	11,810,928	4,735,183	1,716,000	4,616,562	1,011,920	7,463,103
INDUSTRIAL/MANUFACTURING						
AgriTrends Research Inc.	200,001	30,091	0	0	0	30,091
Clarepine Industries Inc.	5,000,000	0	0	5,000,000	0	0
Computalog Ltd.	512,500	401,496	0	0	0	401,496
Corod Industries, Inc.	1,190,000	1,713,041	0	0	24,136	1,737,177
Sherritt Gordon Limited	18,125,000	34,627,400	0	0	733,440	35,360,840
Stuart Olson Construction Ltd.	5,000,000	5,000,000	0	0	624,931	5,624,931
Sun Country Foods Inc.	2,877,550	0	0	2,877,550	1,449	1,449
	32,905,051	41,772,028	0	7,877,550	1,383,956	43,155,984
TECHNOLOGY						
ACT Computer Services Ltd.	1,017,500	0	270,000	847,500	142,607	412,607
BTCI Group Ltd.	12,000,000	1,734,869	0	10,500,000	7,595	1,742,464
BioTechnica International Inc.	4,952,867	539,702	0	0	0	539,702
D&S Petroleum Consulting Group Ltd.	2,000,000	0	0	2,000,000	901,973	901,973
GEOTECHnical resources ltd.	1,100,000	512,500	0	0	0	512,500
SN Hanson Group Enterprises Ltd.	1,266,000	1,762,635	0	0	514,842	2,277,477
IDACOM Electronics Ltd.	1,723,900	4,465,658	0	0	48,900	4,514,558
Myrias Research Corporation	7,249,994	0	0	7,249,994	51,400	51,400
Niart International Inc.	2,300,000	1	0	0	0	1
Simborg Systems Corporation	885,600	1,377,304	0	0	0	1,377,304
Stanley Technology Group Inc.	2,029,218	2,761,467	0	0	1,516,731	4,278,198
Synerlogic Inc.	3,483,267	5,540,764	0	0	207,781	5,748,545
Westronic Inc.	3,769,627	9,602,248	90,200	0	647,276	10,339,724
	43,777,973	28,297,148	360,200	20,597,494	4,039,105	32,696,453
	88,493,952	74,804,359	2,076,200	33,091,606	6,434,981	83,315,540

In the venture capital industry, failures emerge before winners. Vencap has, throughout the last 10 years, identified those situations quickly. This has involved tough decisions but resulted in a current venture investment portfolio of strength and positive prospects for the future. The current portfolio, as detailed in the pages 6 and 7 spreadsheet, represents a healthy cross-section of companies and a balance between risk exposure and the potential for return. The historical spreadsheet above details the complete exit activity of all venture investments since 1983. While it is typical in the venture capital industry that significant returns will not be generated on all venture investments made, the above shows that Vencap realizes partial proceeds and dividend and interest income in most situations.

THIS YEAR'S ANNUAL REPORT REFLECTS A NEW FORMAT WE HAVE DEVELOPED TO ADDRESS AND PROVIDE ADDITIONAL INFORMATION ABOUT VENCAP'S OPERATIONAL AREAS AND RESULTS WITHIN EACH OF THESE COMPONENTS OF OUR BUSINESS. FOLLOWING THIS FISCAL 1993 SUMMARY OF OPERATIONS, SUBSEQUENT SECTIONS PERTAIN TO THE SPECIFICS OF:

INVESTMENT PRACTICES AND TACTICS

DEAL FLOW

NEW INVESTMENTS

FOLLOW ON INVESTMENTS

EXITING FROM INVESTMENTS

NEW INVESTMENTS FISCAL 1993

CRYSTALLINE MATERIALS $1,918,617

ONCOGENETICS $1,197,914

ONCOTHERAPEUTICS $2,393,800

PACIFIC LINEN $850,000

OPERATIONS REVIEW

DEAL FLOW Vencap reviewed 447 investment opportunities during fiscal 1993, 65% of which were of an early stage/start up nature and the remainder being mature situations. While the majority of our deal flow has originated historically within Alberta, Vencap is seeing an increasing number of projects from elsewhere in Canada and the U.S. No significant shift has occurred in deal flow by industry sector. Vencap reviewed marginally fewer investment opportunities in the industrial/manufacturing sector than has historically been the case. Conversely, the number of technology-related projects evaluated has increased slightly, largely as a result of aggressive marketing activities by Vencap to identify new and emerging developments. Vencap's activities in generating deal flow and its sources for new investment opportunities are discussed in more detail on page 12.

NEW INVESTMENTS Vencap was specifically attracted to new investments of a technological basis with strategic benefit to Alberta. During fiscal 1993, Vencap invested $5.5 million in three of these investments, all of which are early stage/start up situations and two of which are in areas of medical research. Vencap continues to identify medical research opportunities where a connection exists or can be created with Alberta's research community and the medical developments being pursued in this province. The fourth new investment, although reported in last year's annual report, was finalized at the outset of fiscal 1993. The transaction is recorded in this year's results and relates to Vencap's investment in Pacific Linen Inc. The accompanying New Investments section, page 14, contains information on all new investments made in fiscal 1993.

FOLLOW ON INVESTMENTS The focus of Vencap's operations during recent years and throughout fiscal 1993 has been on the companies in which Vencap has already invested. We estimate 70% of our attention and resources are currently dedicated to these companies. Our attention is in the form of time, providing whatever assistance, guidance and expertise may be required for them to survive and prosper in today's economic reality. Our attention, as well, is in the form of additional financial resources to ensure they are well capitalized and able to emerge from this difficult environment in a strong position to continue growth and expansion. We do not continue to fund companies which clearly demonstrate their inability to succeed. Our resources are spent on those that continue to move forward. During fiscal 1993, Vencap invested $17.9 million of follow on rounds of capital in 15 existing venture portfolio companies. Follow on investments have enabled companies to take advantage of opportunities presented by an uncertain economy, by acquiring or merging with competitors or purchasing

The form of Vencap's investment is specific to each company but typically involves common and/or preferred shares. Investments are generally on a minority ownership basis in which Vencap's ownership positions range from 10% to 40%. Situations in which majority ownership is held by Vencap are considered. Vencap commitments have ranged from $150,000 to $18 million, while average investments have been between $2 million and $4 million. Depending on the growth strategy and cash forecasts of a company, a dividend payment schedule may be negotiated. Alternately, Vencap may invest through convertible debentures. Interest income may be earned if this form of investment vehicle is utilized. The current and historical venture spreadsheets, pages 6 and 7, indicate the dividend and interest income earned by industry sectors (current) and companies from which Vencap has exited (historical).

Note 4 accompanying the financial statements provides the gross allocations of common shares, preferred shares and debt that make up the investments in the venture portfolio.

capital equipment at reduced prices. Details of follow on investments by company and amount are contained in the venture portfolio spreadsheet, page 6, with a discussion of follow on investments contained on page 17.

The details of all venture transactions by company are contained in the venture portfolio spreadsheet, page 6.

VENTURE INVESTMENTS

	NUMBER OF COMPANIES
MARCH 31, 1992	41
NEW INVESTMENTS	4
DISPOSITIONS	(3)
RETURN OF CAPITAL	(1)
FULL PERMANENT IMPAIRMENTS	(3)
MARCH 31, 1993	38

A complete discussion on dispositions during 1993 is contained in the accompanying Exiting From Investments section of this report.

Vencap does not disclose the amounts of allowance by individual company. This could be detrimental to a company's ability to operate in its industry and/or marketplace and could also undermine the confidence of a company's customers, suppliers and bankers. The allowance provided against venture investments is broken down by industry sector in the venture portfolio spreadsheet, page 6.

DISPOSITIONS Transactions recorded in the Statement of Income which involve Vencap's venture portfolio include the gains and losses realized on the disposition of venture investments, the amount of any permanent impairments recorded, and the interest and dividend income received from companies in which we have invested.

During fiscal 1993, proceeds realized from the disposition of investments and from proceeds related to previous dispositions totalled $17.0 million, with a net gain of $8.9 million. No investments were sold at a loss. A further $3.7 million was earned in dividend and interest income from companies in which Vencap has invested. While the majority of companies in Vencap's venture portfolio are meeting or exceeding expectations, there were two during the year – D & S Petroleum Consulting and Sun Country Foods – for which survival was not possible and against which we recorded full permanent impairments during the first quarter of the fiscal year. We also recorded permanent impairments against two other companies – Asani International and Museatex Audio. A partial impairment has been made against our investment in Asani, which wound down its international trading operations due to successful anti-dumping actions taken by U.S. manufacturers against Asani's major product line in its major market. A permanent impairment also was recorded against our investment in Museatex, although the company continues in business and, in fact, has attracted additional equity partners. A permanent impairment was based on the dilution of Vencap's investment in the company to a negligible ownership position as a result of additional rounds of investment. Total permanent impairments recorded by Vencap in fiscal 1993 amounted to $9 million. During the life of our investment in these four companies, Vencap received nearly $1 million in dividend and interest income.

Vencap's ability at building successful companies is the work of Vencap's investment staff which, at year-end, numbered seven professionals. We have subsequently employed an eighth individual to enhance and reinforce our efforts. Vencap has consistently maintained modest operating levels; total employees currently number 22 people.

These investments were fully reflected in the allowance Vencap provides for potential losses. We continue to account for venture investments conservatively, at cost adjusted for potential losses and certain unrealized gains. Vencap increased the allowance it provides against the venture portfolio by $1.5 million over the course of the year to $8.5 million at March 31, 1993. The recession continues to slow the progress of some companies in the venture portfolio and the increase in allowance reflects management's continued conservative assessment of the down-side risk that exists with certain investments.

VENCAP ENDEAVORS TO ATTRACT CO-INVESTORS TO ITS VENTURE INVESTMENTS. OUR PHILOSOPHY: LEVERAGE THE DOLLARS, LEVERAGE THE TIME, LEVERAGE THE EXPERTISE. NEARLY 100 CO-INVESTORS FROM THROUGHOUT CANADA AND THE UNITED STATES ARE CURRENTLY INVOLVED WITH VENCAP IN ASSISTING OUR AFFILIATE COMPANIES AND IN PROVIDING ADDITIONAL EQUITY CAPITAL. A LIST OF CO-INVESTORS IS LOCATED ON THE ACCOMPANYING PAGE.

INVESTMENT PRACTICES

Defining and Managing Risk

Venture capital is not a paint-by-number business. Understanding of the individual markets, products, technologies or competitive advantage involved in each potential investment must be achieved in order to evaluate fairly each venture capital opportunity.

Respecting the entrepreneurial vision and motivation of the people behind these opportunities, building a working relationship with them, and structuring a deal that serves and satisfies both their needs and Vencap's to achieve a potential return on exit must exist if we are to work together in building a successful enterprise.

We focus primarily on investing equity capital in businesses with excellent potential for future growth. Our investment approach embraces all stages of equity investment – seed, early stage, start up, expansion, and later stage opportunities where established companies are pursuing a strategy of growth by acquisition and/or expansion.

We have ability and interest in a broad range of industry areas, as reflected by our venture portfolio of consumer products/retail investments, industrial/manufacturing ventures and those of a technology-related nature. Venture capital is risk capital; Vencap's approach of investing in a cross-section of industries and in companies at various stages of growth has ensured that we are not overly exposed or vulnerable to a single industry or stage of investment.

INVESTMENT PRACTICES: WHAT WE DO.

INVESTMENT TACTICS: HOW WE DO IT.

Even though the products, services and/or technology of each potential investment are uniquely individual, certain fundamentals must exist in the investment opportunities we pursue – investment criteria setting out the basic elements by which each individual deal can be measured and evaluated –

- existence of a proven management team or a clear plan to develop a full management team
- competitive advantage of the product or service of the company
- high growth potential or market for company's product or service, i.e., opportunity for expansion in national and international markets

VENCAP

INVESTMENT PRACTICES INVOLVE

helping to start new companies by investing early stage/start up capital. Based on specific milestones and performance, follow on investments will be undertaken. Early stage investments are made with the expectation of developing into well-positioned business ventures with significant potential and thereby maturing to the expansion stage of the business building process. Vencap's current portfolio of venture investments reflects seven companies in which early stage investments were originally made but which are now at the expansion, growth and/or exit stages.

investing in existing companies that require additional capital to finance growth and expansion. Follow on investments in these situations also are likely, as competitive advantage and market position are confirmed.

assisting competent management to acquire existing Alberta companies whose present owners wish to sell and/or assisting Alberta entrepreneurs in their efforts to acquire businesses and/or technologies that are located elsewhere and relocate them to Alberta.

investing outside the province in ventures that will further enhance the ability of Vencap and the companies in which we have invested to do business in an increasingly global marketplace and that will in some way have the potential to benefit Alberta.

Co-investors include:
Alberta Cancer Board
Alberta Opportunity Company
Alberta Research Council
Allstate Venture Capital
ATCO Enterprises Ltd.
Cable & Howse Partners I & II
Canadian General Capital
Canadian General Electric
Federal Business Development Bank
Hancock Venture Partners IV
Hewlett & Packard
IAI Venture Partners
Institutional Venture Partners III & IV
Kleiner Perkens Caulfield & Byers IV
MacMillan Bloedel Limited
Menlo Ventures
Mitsubishi Canada Limited
Sentron Medical, Inc.
Sequoia Capital Growth Fund
Sequoia Technology Partners III
Summit Ventures LP
Technology Funding Venture Partners
Technology Partners West Fund IV
TransAlta Resources Corporation
Valley National Investors, Inc.

- discernable basis on which profits and return on investment can be built
- time and anticipated mechanisms for achieving liquidity from the investment
- Vencap's ability to bring appropriate value-added expertise to the investment
- existence of co-investor interest and/or ability to attract co-investor partners
- intended use of investment funds and total financial requirements of the company that may be necessary in the future
- anticipated barriers to success for the company
- ability of investment to contribute to Alberta's economic infrastructure and strategic economic development
- avoidance of over-exposure of Vencap in any one investment area by industry or stage

We employ a systematic approach in reviewing each investment decision. It is a discipline that must be followed continually given the individual characteristics of each company and deal structures that are negotiated. Our research, due diligence and evaluation process is spearheaded by Vencap's investment professionals. Key areas of concentration include: product or service analysis, technology assessment, market and competition review, management assessment, strategy review and analysis of financial strategy and projections. Where necessary, Vencap will retain technical, marketing and financial expertise to ensure the assessment is complete. To this end, Vencap has developed and cultivated an extensive network of contacts throughout Canada and the United States. To date, we have specifically invested in two U.S. venture capital funds for the access to additional networks of expertise they represent, in addition to the deal flow with potential benefit to Alberta that they are able to source for us.

Different risk profiles exist depending on the stage of investment and industry in which it operates. Typically, the highest capital gains are achieved from technology-related start up investments; the greatest potential for failure, however, exists with these investments as well. Vencap's risk-management investment practices have resulted in a balanced portfolio – balanced by stage and industry sector. Although a lower level of capital gain typically results from investments made in mature companies at expansion stages of growth, the potential for achieving at least this degree of gain is an equalizing factor. As well, Vencap generally earns a running yield from its investments in mature companies, in the form of dividends or interest. Mature companies are more likely to have the cash flow to provide a dividend return to investors than early stage companies.

TWO-THIRDS OF THE INVESTMENT OPPORTUNITIES VENCAP HAS REVIEWED HAVE BEEN OF A START UP/EARLY STAGE NATURE. THESE TYPICALLY REPRESENT THE HIGHEST FORM OF RISK AND POTENTIAL FOR FAILURE BUT, IF SUCCESSFUL, ALSO THE HIGHEST POTENTIAL FOR SIGNIFICANT PROFIT. THESE INVESTMENTS PLACE INTENSIVE TIME DEMANDS ON VENCAP, AS ALL LEVELS OF MANAGEMENT SUPPORT AND ASSISTANCE MUST BE PROVIDED. 23.2% OF VENCAP'S CURRENT VENTURE PORTFOLIO IS COMPRISED OF EARLY STAGE INVESTMENTS. RELATIVE TO THE TIME- AND RISK-MANAGEMENT CONSIDERATIONS INVOLVED, THIS PROPORTION OF EARLY STAGE INVESTMENTS WITHIN OUR ENTIRE VENTURE PORTFOLIO IS APPROPRIATE.

SOURCES OF INVESTMENT – DEAL FLOW

Vencap's business development activities have generated more than 4,500 investment opportunities that have been reviewed and evaluated during the last 10 years. Despite anyone's best efforts, the consistent statistical reality of the venture capital industry is that out of every 10 investments a venture investor makes, two will fail. Six will continue to operate but not in a way that generates a significant return on investment. Only two will provide any significant return. Given this scenario, those two must provide an incredible return.

DEAL FLOW BY STAGE OF INVESTMENT

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
EARLY	55%	56%	59%	63%	74%	81%	78%	65%	66%	65%
MATURE	45%	44%	41%	37%	26%	19%	22%	35%	34%	35%
TOTAL NUMBER	450	430	434	483	480	502	460	441	382	447

DEAL FLOW BY GEOGRAPHIC AREA

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
ALBERTA	83%	67%	76%	80%	84%	75%	62%	56%	50%	50%
REST OF CANADA	11%	14%	18%	14%	10%	14%	23%	25%	27%	22%
U.S.	6%	19%	6%	6%	6%	11%	15%	19%	23%	28%
TOTAL NUMBER	450	430	434	483	480	502	460	441	382	447

DEAL FLOW BY INDUSTRY SECTOR

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
CONSUMER PRODUCTS/RETAIL	21%	19%	24%	23%	25%	25%	26%	25%	24%	25%
INDUSTRIAL/ MANUFACTURING	55%	46%	53%	54%	52%	46%	47%	44%	44%	41%
TECHNOLOGY	24%	35%	23%	23%	23%	29%	27%	31%	32%	34%
TOTAL NUMBER	450	430	434	483	480	502	460	441	382	447

The selection criteria behind each new deal, therefore, are paramount and both quantity and quality of deal flow must exist in order to invest in the most potentially promising opportunities. In addition to being contacted directly by companies, Vencap undertakes its own proactive approaches in deal-flow development. This is largely accomplished through an extensive network of contacts throughout Canada and the United States and, closer to home in Alberta, by cultivating relationships with people, industries and institutions from whom referrals are generated.

INVESTMENT OPPORTUNITIES

are referred by:

general business community and professions, such as lawyers, accountants, consultants and financial intermediaries.

banks and other financial institutions, which refer investment opportunities where equity financing is necessary to complement the debt financing they provide.

investment community, pension and insurance funds. Although these funds will co-invest in investments with Vencap, they are not always prepared to invest in situations at an earlier stage of development and will refer the entire project to Vencap.

major corporations, which refer projects and, as well, often co-invest in investments with Vencap. They recognize Vencap's ability to add value and business discipline to companies in which we invest. These referrals are generally related to the industry in which the major corporation operates but which are too far removed from their core business or require too much time and capital for them to develop internally.

SOURCES OF INVESTMENT DEAL FLOW

Continued

A two-pronged approach is employed in deal-flow development.

- targeted marketing of a specific industry or field of endeavor

The health care and medical technologies area was strategically identified by Vencap in the late 1980s as offering significant potential for investment. Through the facilities of The Alberta Heritage Foundation for Medical Research, more than $400 million has been channeled into funding medical research in Alberta since 1980. New technological breakthroughs have long been emerging from Alberta research centres and medical facilities – breakthroughs which require capital funding for commercialization and entry in the marketplace. In addition, emerging developments based in other geographic locations can often be attracted to Alberta for continued research and trial phases of their development. In many cases, medical technologies being developed elsewhere are also being pursued by Alberta researchers and facilities. Technology knows no boundaries. Vencap has been successful in creating a bridge between Alberta and the centres of excellence and new development activities that exist elsewhere. To that end, Vencap has developed extensive contacts throughout North America and invested in other venture capital funds that specialize entirely in technology-related investment projects. The ability to access their deal flow and expertise results in Vencap's now being exposed to a further 1,000 investment opportunities per year. As well, Vencap has enhanced its own internal expertise in medical and technology areas during recent years by recruiting investment professionals from that industry background and by retaining Dr. Bill Cochrane as a medical/health care consultant. Dr. Cochrane was formerly President and CEO of Connaught BioSciences Inc., was President and Vice-Chancellor of the University of Calgary, and the first Dean of Medicine at the University of Calgary when its medical school opened in 1967.

- proactive business development with the people and industries from whom investment referrals are generated

Analysis of Vencap's deal flow shows that the most significant source of new and viable investment opportunities is the result of referrals by those who are knowledgeable about Vencap. Neither quantity nor quality of deal flow results from mass marketing techniques, such as advertising. Rather, ongoing contacts with business and industry professionals have proven to be the most effective and cost-efficient method of business development.

industry associations, who refer their members to Vencap.

government departments and agencies. Ongoing contact is maintained with Alberta and Canadian governments, both of whom have economic development offices throughout the world.

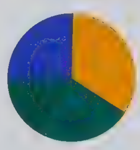
universities particularly those located in Alberta, although Vencap is starting to develop relationships with other education centres in western North America.

previous applicants. Vencap endeavors to respond quickly to all investment enquiries received. If declined, applicants are provided input and suggestions for improving their investment opportunities, which often result in reapproaches to Vencap that can subsequently be considered.

other venture capital funds who either refer projects that do not fit their criteria or who wish Vencap to consider co-investing in an investment they are making.

As an Alberta-based venture capital fund, Vencap sees the greatest portion of its deal flow originate within the province. We have steadily increased our efforts during recent years to locate investment opportunities elsewhere that have a strategic fit with Alberta enterprises or technologies under development in this province.

GEOGRAPHIC LOCATION OF CURRENT VENTURE PORTFOLIO

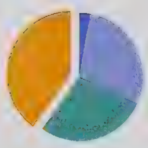


EDMONTON AND REGION
$43.7 MILLION

CALGARY AND REGION
$51.3 MILLION

BRITISH COLUMBIA, MANITOBA AND UNITED STATES
$33.5 MILLION

TWO COMPANIES IN VENCAP'S VENTURE PORTFOLIO IN WHICH NEW INVESTMENTS HAVE BEEN MADE ARE CRYSTALLINE MATERIALS AND THE FORZANI GROUP OF COMPANIES. EACH IS VASTLY DIFFERENT. BOTH EXEMPLIFY THE BUSINESS OPPORTUNITIES THAT CAN BE BUILT IN ALBERTA – ONE IN AN EXISTING, BASE SEGMENT OF OUR ECONOMY; THE GENESIS OF A NEW SEGMENT BEING CREATED BY THE OTHER.



$136.3 MILLION
NEW INVESTMENTS
SINCE 1983

$6.4 MILLION
NEW INVESTMENTS
FISCAL 1993

$72.8 MILLION
NEW INVESTMENTS IN
FIVE YEARS SINCE
FISCAL 1988

$63.5 MILLION
NEW INVESTMENTS
FIRST FIVE YEARS
FISCAL 1984-1988

TOTAL
$226.6 MILLION
NEW AND FOLLOW ON
INVESTMENTS
SINCE 1983

NEW INVESTMENTS

• Crystalline Materials represents the establishment of a new industry serving worldwide markets with a proprietary advanced material to be manufactured in Alberta. Vencap's investment of $1,918,617 in this company during fiscal 1993 is both early stage and a special situation as it has supported the development of this California-based company's commercial manufacturing facility in Alberta.

• The Forzani Group serves the merchandising segment of our economy and has grown, from a small Alberta company, to a significant regional retailer. Vencap first invested in The Forzani Group in fiscal 1991 at the start of its expansion strategy. Our first investment of $2,150,000 enabled the company to acquire the Sport Chek chain of retail operations. A follow on investment of $1,350,000 was made in fiscal 1992. The Forzani Group acquired the Hogarth chain of sport/leisure stores in B.C. during fiscal 1993.

CRYSTALLINE MATERIALS Crystalline has developed proprietary technology for manufacturing synthetic diamond powder of high purity and uniform particle size and shape. The powder can be engineered to suit the requirements of demanding high technology grinding and polishing applications. This is a billion-dollar market.

The ability to produce synthetic diamond particles and powder positions Crystalline to capture a significant portion of that market. Not only is its technology the first of its kind in the field of synthetic diamond manufacturing, but market analysis has confirmed that Crystalline's product is superior to industrial diamond produced by conventional methods. In some applications, it has proven superior to natural diamond because of its greater uniformity of size and shape and predictability of performance.

Vencap's ability to attract Crystalline to Alberta was facilitated by a number of factors, including:

• The major raw materials consumed in the Crystalline manufacturing process are natural gas and electrical power, both of which exist in Alberta in ample supplies at competitive prices.

• Vencap's ability to assist Crystalline as a local value-added investor, particularly during initial stages of its activities in Alberta. Vencap's previous experience in this role with Albchem Industries Ltd. has proven our ability to support start up companies that involve a manufacturing component. In less than three years, Albchem has grown from an idea to a full-fledged sodium chlorate manufacturing facility that employs 28 people and ships product throughout Canada and the United States, to China and Australia. *(Continued on page 16)*

NEW INVESTMENTS IN 1993

Crystalline Materials - Vencap invested $1,918,617 in this company, featured elsewhere on this page.

Oncogenetics, Inc. - $1,197,914, a reference laboratory which provides a full line of tests related to the genetic basis of cancer. This is a new and rapidly expanding area of technology with increasing clinical importance. Oncogenetics has made significant advancements in this field, which is also a focus of much research in Alberta.

OncoTherapeutics, Inc. - $2,393,800, an early stage biotechnology company that is developing novel cancer therapeutics and diagnostics involving stimulation of a patient's immune system. This research is being carried out in close collaboration with several world-leading cancer centres. Vencap's investment in the company is intended to establish a link between those developments and the work under way in this area in Alberta.

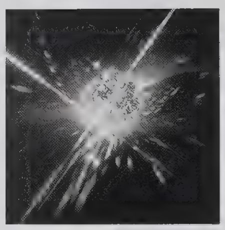
Vencap's investment in Folkestone Fine Linens Ltd. was acquired by the large U.S.-based linen retailer, Pacific Linen Inc. of Seattle, Washington, in a share exchange. The original $850,000 investment in Folkestone was recorded as a sale, with a new investment of that amount being recorded for Pacific Linen.

Seeding . . . investing equity capital to establish and grow successful businesses.

"CREATION OF PROCESSES AND PRODUCTS, OF IDEAS AND INDUSTRIES, DEPENDS ON MANAGEMENT MORE THAN MONEY, ON IMAGINATION AS WELL AS INITIATIVE. SEEK OUT CREATIVE PEOPLE WITH A VISION OF THINGS TO BE DONE. HELP BREATHE LIFE INTO NEW IDEAS AND PROCESSES AND PRODUCTS WITH CAPITAL – AND WITH MORE THAN CAPITAL – WITH SENSITIVE APPRECIATION FOR CREATIVE DRIVE, WITH SUPPORT IN MANAGEMENT AND MANPOWER, AND WITH LOYALTY TO THE IDEA AND ITS INITIATOR."

Georges F. Doriot, venture capital investor in
Digital Equipment Corporation

• Vencap's introduction of the company to other sources of investment, including Western Economic Diversification (WED), and to other networks of expertise and assistance, including: Alberta Technology, Research and Telecommunications, and the Alberta Research Council.



Vencap is a co-investor in Crystalline with two leading U.S. venture capital funds. Crystalline management is also supported by a strong scientific advisory board; the company has attracted some of the world's leading researchers in the field of industrial diamond production.

Crystalline is now converting and equipping a building in Calgary to meet its production requirements. The plant will employ 21 people when it is completed in late 1993.

Vencap's investment in Crystalline is in the form of preferred shares plus warrants which, depending on the company's performance, Vencap can choose to exercise at a later date in order to obtain additional shares at a predetermined price.

THE FORZANI GROUP OF COMPANIES The Forzani Group typifies the opportunities that exist in investing in established companies with the potential to expand. Starting in the mid-1970s as a one-store retail outlet in Calgary, The Forzani Group now encompasses 56 stores and 21 franchised stores across western Canada.

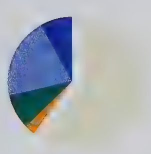
Given the tough retail environment in which the retail sector as a whole has been struggling, the Forzani adage that it is operating "in the right market in the right business at the right time," may appear bold but exemplifies the opportunities that exist when a company is well-capitalized and positioned to take advantage of the opportunities that a difficult economy can, in fact, present. With the consolidation of both the Sport Chek and Hogarth chains of retail stores into The Forzani Group now complete, the company is poised for further growth and expansion. In May, 1993, a 26,000 square foot Sport Chek store was opened in Coquitlam, B.C. Based in Calgary, Alberta, The Forzani Group has grown to become a significant retail operation in western Canada.

Vencap's investment in The Forzani Group is in the form of common shares.

New investments made by Vencap in an existing, established business are intended to fund that company's expansion strategy, and have been a component of Vencap's investment practices since 1983. Vencap's current venture portfolio of 38 companies includes 17 at an expansion stage of development – expansion through growth of existing operations and/or through the acquisition of other businesses in the same industry. All 17 companies are in the consumer products/retail or industrial/manufacturing sectors of the economy. Vencap's technology-related portfolio reflects earlier stage situations in which technological and market viability is being determined and new business entities being established.

Of the total $226.6 million of venture capital that Vencap has committed since 1983, $136.3 million was in the form of new, first-time investments in 66 companies. Many of these companies would not be in existence today were it not for the investment capital provided by Vencap. New investments are of an early stage/start up nature, at an expansion stage of development, or involve unique characteristics and potential benefit that identify them as special situations to be pursued by Vencap.

TWO COMPANIES IN VENCAP'S VENTURE PORTFOLIO IN WHICH FOLLOW ON INVESTMENTS HAVE BEEN MADE ARE LAKESIDE FARM INDUSTRIES LTD. AND GREAT CANADIAN RAILTOUR COMPANY. BOTH COMPANIES ARE REPRESENTATIVE OF BASE INDUSTRIES IN ALBERTA – AGRICULTURE AND TOURISM – AND EXEMPLIFY THE POTENTIAL FOR CONTINUED ECONOMIC GROWTH AND EXPANSION THAT CAN BE ENCOURAGED WITH INVESTMENTS OF EQUITY CAPITAL.



$83.8 MILLION
FOLLOW ON INVESTMENTS
SINCE 1983

$17.9 MILLION
FOLLOW ON INVESTMENTS
FISCAL 1993

$64.7 MILLION
FOLLOW ON INVESTMENTS
IN FIVE YEARS SINCE
FISCAL 1988

$19.1 MILLION
FOLLOW ON INVESTMENTS
FIRST FIVE YEARS
FISCAL 1984 - 1988

$6.5 MILLION
FOLLOW ON COMMITMENTS
FISCAL 1993

TOTAL
$226.6 MILLION
NEW AND FOLLOW ON
INVESTMENTS
SINCE 1983

FOLLOW ON VENTURE INVESTMENTS

• Lakeside – an established, existing agricultural enterprise when Vencap first invested $5,000,000 in 1986 – received $7,750,060 in a follow on round in fiscal 1992. Although no additional funds were invested in Lakeside during the last year, the possibility of follow on investments always exists in companies when exceptional growth and performance can be further supported with additional capital. Total investment in Lakeside is now $12,750,060, illustrating the significant levels of new and follow on investment required by certain kinds of companies in their industries.

• Great Canadian Railtour – a start up company funded initially by Vencap with $2,500,960 in 1991 – has received two rounds of follow on investment totalling $1,175,000 during the last two years. Great Canadian Railtour is a private-sector company founded when its management acquired the Rocky Mountain Railtour operations that VIA Rail privatized in 1990. Total investment in Great Canadian Railtour is now $3,675,960, an example of the ongoing capital requirements within the first few years that can be involved to establish and position a company in its industry.

LAKESIDE FARM INDUSTRIES LTD. At the time of Vencap's investment in Lakeside, the company had been in operation for 20 years. It was an established, modest agribusiness – with the potential to grow and expand into a marketplace leader.

In the seven years since Vencap's investment, Lakeside has continued to grow its business, build new facilities, expand into new markets. It has increased its employee base from 227 in 1986 to 530 today. With an annual payroll of $18 million, it is the single-largest employer in its southern Alberta region. Sales are more than $500 million annually and the company is a major user of a wide range of Alberta-produced agricultural products.

This multi-faceted agribusiness has grown to become not only the largest cattle feeding enterprise in Canada but also the second-largest beef packing operation in the country. Second by a small margin.

It's also the only company in its industry that involves all aspects of cattle raising/production within its operating focus – from the crops grown to provide silage, an important feedstock for cattle – to the nutritional additives produced to supplement their diet, composed of silage and grain – to the fertilizer that goes into growing good silage. Include the feedlot, in which up to 40,000 head of cattle can be fed at any one time. More than 120,000 head of cattle go through its gates each year. Lakeside's research laboratory undertakes testing and analysis of all soil, feed and water aspects of the business to ensure maximum production, efficiencies and quality control.

DURING FISCAL 1993,

Vencap invested $17.9 million of follow on rounds of capital in 15 existing venture portfolio companies. Details of these investments by company and amount are contained in the venture portfolio spreadsheet on pages 6 and 7.

Follow on investments will be made in start up/early stage companies based on specific milestones and/or performance being achieved. Our strategy is to provide sufficient capital in the initial stages of a company's development to test and prove a concept, market and/or technology. Additional rounds of investment will follow when the potential to develop into a well-positioned business venture is determined.

Vencap's venture portfolio also comprises established and/or mature companies in which we have initially invested to finance growth and expansion. Follow on investments in these companies will also be made as competitive advantage and market position are confirmed – as their ability to expand operations and demonstrate increased profit potential has been proven.

FOLLOW ON VENTURE INVESTMENTS

Continued

Follow on investments totalling $83.8 million have been made by Vencap since 1983; $17.9 million in fiscal 1993. Our attention increasingly has been focused in the last few years on companies in which we have already invested. Our attention is in the form of additional financial resources to ensure they are well capitalized. Our attention, as well, is in the form of time, providing whatever assistance, guidance and expertise may be required for them to survive and prosper in today's economic reality. We estimate 70% of our time is currently dedicated to existing portfolio companies.

The single biggest operation, however, is Lakeside Packers, operating the newest and most efficient meat processing facility of its type in Canada.

At present, roughly 2,000 head per day are processed and shipped next day to retail operations throughout Canada and into the United States.

Lakeside has grown. It has withstood tough, competitive conditions in an Alberta industry hard hit in recent years to emerge bigger and stronger. Vencap is working with Lakeside management to determine the company's future plans and directions.

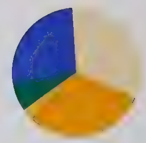
Vencap's investment in Lakeside is in the form of common shares, preferred shares and debt.

GREAT CANADIAN RAILTOUR COMPANY A Vancouver-based company, Great Canadian has brought more than 50,000 tourists to Alberta in its first three seasons of operations. Vencap's investment in the company is considered an "out-of-province" investment. It is an investment, however, with economic value and benefit to Alberta as a result of the infusion of tourism dollars that might otherwise not have been generated. Every person who gets on this train comes to Alberta.

Although a start-up company at the time of Vencap's investment, Great Canadian Railtour remains an early stage operation. The first three years of operation have been critical and crucial; establishing a new business is never easy or quickly accomplished. In the tourism industry in particular, an international marketing network must be built. Increased awareness must be achieved among all potential tourism customers and the tourism agents who advise them.

The summer of 1993 marks the fourth year that Great Canadian Railtour will carry passengers on the Rocky Mountain Railtour. Vencap's initial investment provided the start up capital necessary to determine viability of a privatized, passenger rail operation. Follow on investments in the company have enabled it to implement a staged marketing strategy and to increase marketing on a worldwide scale. Great Canadian Railtour anticipates that the Rocky Mountain Railtour will attract a further 20,000 tourists this year.

Vencap's investment in the company is in the form of common and preferred shares, and debt. As is typical with early stage situations, Vencap structured the investment so that dividends on shares would not be owing in the company's initial years of start up operations when all of a company's cash flow is required to fund operations.



$17.9 MILLION
TOTAL FOLLOW ON INVESTMENTS
IN 15 COMPANIES
FISCAL 1993

$11.9 MILLION
FOLLOW ON INVESTMENTS
EARLY STAGE:

$5.9 MILLION
FOLLOW ON INVESTMENTS IN TWO COMPANIES. EARLY STAGE AT TIME OF ORIGINAL INVESTMENT; EXPANSION STAGE AT YEAR-END 1993.

$5.0 MILLION
FOLLOW ON INVESTMENTS IN FOUR COMPANIES. EARLY STAGE AT TIME OF ORIGINAL INVESTMENT AND AT YEAR-END 1993.

$0.5 MILLION
FOLLOW ON INVESTMENT IN ONE COMPANY. EARLY STAGE AT TIME OF ORIGINAL INVESTMENT; IPO UNDERTAKEN IN FISCAL 1993.

$0.5 MILLION FOLLOW ON INVESTMENTS IN TWO COMPANIES. EARLY STAGE AT TIME OF ORIGINAL INVESTMENT; WRITTEN OFF IN FISCAL 1993.

$6.0 MILLION
FOLLOW ON INVESTMENTS
EXPANSION/SPECIAL SITUATIONS:

$1.3 MILLION
FOLLOW ON INVESTMENTS IN TWO VENTURE CAPITAL FUNDS. (SPECIAL SITUATIONS)

$4.7 MILLION
FOLLOW ON INVESTMENTS IN FOUR COMPANIES. EXPANSION STAGE AT TIME OF ORIGINAL INVESTMENT AND AT YEAR-END 1993.

Nurturing . . . providing follow on investment dollars in combination with value-added resources and expertise.

FOLLOW ON INVESTING IS A NATURAL AND NECESSARY COMPONENT IN THE VENTURE CAPITAL PROCESS OF BUILDING SUCCESSFUL ENTERPRISES. THE ESSENCE OF VENTURE CAPITAL, HOWEVER, IS NOT THE FINANCIAL TRANSACTION BUT THE VALUE-ADDED COMPONENT – WORKING WITH THE ENTREPRENEUR TO GROW A BUSINESS INTO A MAJOR ENTERPRISE. VENCAP IS NOT A PASSIVE INVESTOR. WE WORK WITH COMPANIES TO DEVELOP MARKETING PLANS, ALLIANCES, NETWORKS. WE ASSIST IN DEVELOPING FINANCIAL MANAGEMENT SYSTEMS AND CONTROLS. WE SEEK PEOPLE TO SERVE ON THEIR BOARDS OF DIRECTORS TO PROVIDE ADDITIONAL COUNSEL AND ADVICE. THE LIST IS LONG, AND ALWAYS GROWING, FOR EACH COMPANY IS AS DISTINCT IN ITS NEEDS AS IT IS IN ITS BUSINESS.

DURING FISCAL 1993, PROCEEDS WERE REALIZED FROM THE FULL AND PARTIAL DISPOSITIONS OF INVESTMENTS IN SIX COMPANIES AND FROM PROCEEDS RELATED TO PREVIOUS DISPOSITIONS. TOTAL PROCEEDS WERE $17.0 MILLION, WITH A NET GAIN OF $8.9 MILLION. NO INVESTMENTS WERE SOLD AT A LOSS. A FURTHER $3.7 MILLION WAS EARNED IN DIVIDEND AND INTEREST INCOME FROM COMPANIES IN WHICH VENCAP HAS INVESTED. PERMANENT IMPAIRMENTS TOTALLING $9.0 MILLION WERE RECORDED AGAINST FOUR COMPANIES IN THE VENTURE PORTFOLIO.

EXITING FROM INVESTMENTS

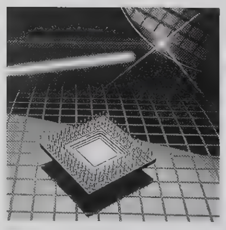
SALE TO ACQUISITOR Westronic Inc. was acquired in October, 1992, by Harris Corporation, a major North American energy management company with worldwide sales of more than $3 billion (U.S.). Over the course of Vencap's seven-year involvement with Westronic, Vencap advanced equity funds of $3.8 million and had $10.3 million returned, which includes $0.6 million in dividend income, for an over-all annualized rate of return of 24.5%. The net investment gain realized by Vencap on its sale of Westronic was $5.9 million.

Vencap first invested in Westronic in 1986. An emerging technology investment, Westronic was a Vancouver company that Vencap's investment helped relocate to Calgary. At the time of Vencap's investment, Westronic employed 20 people. By the time of its acquisition by Harris, the company employed 240 people and had grown to include subsidiary operations in Australia and Texas.

Westronic customers were, and continue to be, among the largest electric power companies in the world and are located in all but one continent. Westronic also served the oil and gas and telecommunications industries.

Westronic continues to be based in Calgary and, with the benefit of the financial strength and additional technology infrastructure it now enjoys via Harris, will be able to expand its research and development efforts and gain access to an even larger customer base.

INITIAL PUBLIC OFFERING OrthoLogic Corp and Cholestech Corporation are two companies in Vencap's venture portfolio that successfully completed IPOs during fiscal 1993.



OrthoLogic had its genesis in 1989 when Vencap first invested $918,090 to facilitate the collaboration of medical research in soft tissue and bone-healing applications under way in both Calgary and Arizona. Follow on rounds were subsequently completed and, at the time of OrthoLogic's initial public offering, Vencap's total investment was $2,028,687, for a 9.6% ownership position. Upon "going public," Vencap's investment in OrthoLogic was valued at $3,288,155 (U.S.), or $6.50 (U.S.) per share. Vencap is monitoring OrthoLogic's stock price to determine when it is in the best interests of Vencap shareholders that we divest of our position, once holding periods established by the U.S. Securities and Exchange Commission have expired.

Ongoing proceeds received in fiscal 1993 from the previous sale of Simborg were $105,265. BTCI was sold for a gain of $234,869. Ongoing proceeds received in fiscal 1993 as a result of IPOs were BIOSYS – $220,336 Cholestech – $268,543

Cholestech is also a medical technology company, focused on developing and marketing diagnostic products for the treatment and monitoring of high blood fat. Vencap's total investment in Cholestech was $2,025,623. The company undertook an initial public offering in June, 1992. During the past year, Vencap sold a portion of its share position for $835,012,

(Continued on page 22)

VENCAP

EXITS FROM VENTURE

investments in one of four ways – sale to acquisitor, initial public offering, public market transaction, permanent impairment.

Sale of an investment to a strategic acquisitor, usually one with multi-national or international operations and which has identified a company in which Vencap has invested as providing geographic or product entry into a specific market.

Initial Public Offering (IPO) in the public market that is undertaken to raise additional equity based on the financial performance achieved by the company and its potential for future growth. Vencap is positioned to sell its ownership position as soon as allowed by the applicable securities commission.

Public Market Transactions of an investment already traded on a stock exchange will occur when the trading price of shares increases significantly beyond the price initially paid by Vencap and all escrow provisions have been met.

Permanent Impairment, or write off, of a company from which Vencap does not expect to recover the cost of its investment, whether the company continues to operate or not.

(Continued on page 22)

Harvesting . . . completing the cycle in the venture capital process.

IN THE LAST FIVE YEARS, VENCAP HAS COMPLETED PROFITABLE EXITS FROM 11 VENTURE INVESTMENTS, REALIZING TOTAL CASH OF $75.7 MILLION. THREE COMPANIES HAVE UNDERTAKEN INITIAL PUBLIC OFFERINGS, THE FULL PROCEEDS FROM WHICH HAVE YET TO BE REALIZED. THIS TYPIFIES THE EVOLUTION OF A VENTURE CAPITAL FUND, WHEREBY THE FIRST FIVE TO SEVEN YEARS SEE A LARGE PROPORTION OF NEW INVESTMENTS MADE. LATER YEARS ARE SPENT IN PROVIDING ASSISTANCE AND FOLLOW ON CAPITAL. THE RESULTS OF THESE EFFORTS START TO OCCUR DURING THE SECOND HALF OF THE 10-YEAR CYCLE AS COMPANIES GROW, MATURE AND CAN BE POSITIONED FOR EXIT BY VENCAP.

(Continued from page 20)
In certain cases where companies have been placed in receivership and full permanent impairments have been recorded by Vencap, some capital has been repaid from receivership proceeds. Permanent impairments are also recorded when Vencap's investment in a company is diluted to a negligible position due to the infusion of equity by other investors.

realizing a net gain of $268,543. Vencap's remaining investment of $1,459,154 is being held until further gains can be achieved on its disposition once holding periods established by the U.S. Securities and Exchange Commission have expired.

PUBLIC MARKET TRANSACTIONS Liquidation World Inc. was an established retail operation pursuing an aggressive expansion strategy when Vencap first invested in fiscal 1990. Listed on The Alberta Stock Exchange, Liquidation World is one of the few companies in Vencap's venture portfolio that was already publicly traded at the time of our investment. Vencap's first investment of $490,000 was in the form of common shares, at an average price of $0.30 per share. A subsequent round of $1,000,000 comprised $250,000 in common shares and a $750,000 convertible debenture, the latter converting to shares at a per share equivalent of $0.45. The total number of shares owned by Vencap, including those on conversion of the debenture, was almost 4,000,000. During fiscal 1993, Liquidation World raised an additional $4 million from the public market. Vencap converted its debenture and engaged a broker to complete the sale of our shares. To March 31, 1993, 3,397,500 of Vencap's shares had been sold, at $1.00 per share, realizing total proceeds of $3,397,500 and a net gain of $2,127,232. Vencap's remaining investment in the company at year-end was $219,732.

Ongoing proceeds realized from the sale of assets of ACT, permanently impaired in 1989, were $15,000. Total proceeds of liquidation returned to Vencap are now $200,000.

Permanent impairments recorded in fiscal 1993 totalled $9 million and involved D & S Petroleum Consulting – $2 million, Museatex Audio – $2.6 million, Sun Country Foods – $2.9 million, Asani – $1.5 million. Nearly $1 million in dividend and interest income was earned during the course of Vencap's investments in these companies.

PERMANENT IMPAIRMENTS Sun Country Foods Inc. was an early stage company in which Vencap first invested in fiscal 1990 and which was permanently impaired in the first quarter of fiscal 1993. Vencap's first investment of $400,000 was followed with additional rounds of capital as Sun Country continued to advance technologically and move toward commercial levels of production for its environmentally pure production of fresh produce, such as lettuce and spinach. Despite having developed a 100% environmentally controlled automated growing system, Sun Country was unable to compete with foreign suppliers of produce on a cost basis. Consumers were unwilling to pay a premium for a locally grown, environmentally pure product and Sun Country was unable to effect changes that would see the per unit cost of the product reduced to market-accepted levels. The total amount of investment permanently impaired by Vencap was $2,877,550.

Although we may realize a portion of these funds on the distribution by the receiver of proceeds from the sale of Sun Country assets, Vencap records a full permanent impairment in situations such as this to ensure conservative accounting of the venture portfolio on our balance sheet. In the event proceeds are realized by Vencap, they will be recorded in the Statement of Income for the period in which the funds are received.

SINCE 1983, VENCAP *has profitably exited from 11 venture investments, realizing total cash of $75.7 million. Three companies have undertaken successful initial public offerings, the full proceeds from which have yet to be realized.*

A detailed listing of the proceeds realized on venture investments from which complete exits have occurred is contained in the historical venture portfolio spreadsheet.

The average length of time in which Vencap has been invested in companies prior to profitable exit being achieved is 4.1 years. This compares to 2.8 years as the average length of time invested in companies which subsequently fail, and to 3.6 years as the over-all holding period of companies within the portfolio.

SHARE AND DEBENTURE ACTIVITY

	YEARLY HIGH	YEARLY LOW	MARCH 31/93	MARCH 31/92
COMMON SHARE PRICE	$3.75	$3.00	$3.55	$3.75
12% CONVERTIBLE DEBENTURES	$125.00	$118.00	$120.00	$125.00

Vencap's common share and 12% convertible debenture pricing opened the year strong on the basis of earnings of $5.5 million for the year ended March 31, 1992 ($0.47 per share, fully diluted) and fully diluted net asset value of $5.41 per share. They both experienced their lows for the year during our third quarter, and recovered ground for the remainder of the year to close at $3.55 per common share and $120.00 per 12% convertible debenture.

The common share price declined $0.20, or 4% during the year, yet earnings were $5.2 million and fully diluted earnings per share were again $0.47 per share. The 12% convertible debentures declined $5.00 in market price over the year, or 4%, while fully diluted net asset value per share increased by 5% over the year, to $5.67 per share.

Management believes that the best measure of the value of Vencap's shares in the public market is fully diluted net asset value per share. Net assets, or shareholders' equity, reflects all of the activities of the marketable securities portfolio and the venture investment portfolio using conservative, cost-based accounting principles.

FULLY DILUTED NET ASSET VALUE	$5.67
SHARE PRICE	$3.55
SHARE PRICE AS % OF FULLY DILUTED NET ASSET VALUE	62.6%

While application in the public markets of a discount from net asset value is common for funds such as Vencap, the discount being applied to Vencap's shares is well above the industry norm of 20%.

On the basis of a higher than normal discount being applied to Vencap's net asset value, as well as declining market prices and certain other factors, including the dilutive impact and high debt cost of the 12% convertible debentures, Vencap's management renewed the Normal Course Issuer Bids for common shares and 12% convertible debentures.

	COMMON SHARES	12% CONVERTIBLE DEBENTURES
PURCHASED AND CANCELLED	$1,173,000	$2,020,000
COMMON SHARES (OR EQUIVALENT)	327,550	407,000
AVERAGE PRICE PER COMMON SHARE (OR EQUIVALENT)	$3.58	$4.96

The current Normal Course Issuer Bids continue to November 8, 1993. At March 31, 1993, Vencap was eligible to purchase an additional 188,400 common shares and $3,016,000 of its 12% convertible debentures. Management expects to complete the purchase of common shares. The debentures, however, have a 12% coupon, are convertible, and are fully guaranteed by the Province of Alberta, making them a highly attractive investment that current holders do not wish to sell. Therefore, it has become increasingly difficult to acquire the debentures in the current environment of low interest rates and general concern over credit quality. Management

expects to purchase less than $1,000,000 of its 12% convertible debentures in the period to November 8, 1993. At that time, management will reassess whether to apply to renew the Normal Course Issuer Bids.

Vencap's management is assessing whether there are steps that could be taken on behalf of the shareholders to enhance the share price. The shares are thinly traded, not listed on Canada's major exchange, and have a 1% holding restriction. While the conversion feature of the 12% debentures results in a dilutive effect on the common shares that is reflected in the public market price, our belief is that the majority of debenture holders intend on holding the debentures to maturity.

Management continues to be incented on terms that align our interests with those of our shareholders. Management holds Class B preferred shares, each equivalent to 10 common shares, but non-voting. Management only benefits if common share prices increase. During the year ended March 31, 1993, 14,000 Class B preferred shares were issued, to vest over the next five years.

ACCOUNTING ISSUES A further factor impacting the company's share price is that venture capital is not a well-known or broadly understood industry in Canada. It is accorded no special tax or accounting principle treatment, yet its investment transactions are highly specialized. As a publicly traded company, Vencap must adopt a path of accounting and disclosure treatments that allow the company to receive an unqualified audit opinion, at the same time ensuring that the information provided to our shareholders is still meaningful and relevant. Note 1 to the financial statements (page 32) has been expanded at March 31, 1993, to include reference to the fact that Vencap does not consolidate its results with those of venture investments in which we hold greater than 50% of the voting rights, as our business is not to hold these investments under a normal parent-subsidiary relationship but rather is to dispose of these investments in due course.

Venture capital is a more mature, more significant industry in the United States of America. Management is investigating U.S. accounting and disclosure practices to determine whether there may be practices that provide more meaningful information to our shareholders which can be adopted as principal or supplemental information in our reporting.

OPERATIONS Net revenues, total expenses, and net income for the year ended March 31, 1993 are quite similar to those of a year ago.

(THOUSANDS)	NET REVENUE	EXPENSES	NET INCOME
MARCH 31, 1993	$20,173	$14,826	$5,165
MARCH 31, 1992	$20,196	$14,734	$5,492

However, an examination of the Statement of Income line-by-line reveals two very different years.

INITIAL CAPITALIZATION
$244.0

CUMULATIVE VENTURE INVESTMENTS EXCLUDING COMMITMENTS
($220.1) MILLION

CASH FROM VENTURE DISPOSITIONS & RETURN OF CAPITAL
$87.6 MILLION

CASH FROM DIVIDENDS & INTEREST ON VENTURE INVESTMENTS
$23.2 MILLION

CASH FROM DIVIDENDS & INTEREST ON MARKETABLE SECURITIES (NET)
$40.7 MILLION

MARKETABLE SECURITIES AT MARCH 31, 1993
$175.4 MILLION

VENTURE INVESTMENTS Venture investments produced interest and dividend income of $3.7 million in fiscal 1993 and $3.6 million in fiscal 1992. The current year, however, was an active one regarding the realization of proceeds, in whole or in part, on venture investments, as reflected by the $8.9 million of gains on dispositions and the $9.0 million of permanent impairments.

	INVESTMENT	PROCEEDS ON DISPOSITION
PERMANENT IMPAIRMENTS		
FULL INVESTMENT	$7,502,550	$ –
PARTIAL INVESTMENT	1,500,000	$ –
GAINS ON DISPOSITION		
FULL INVESTMENT	3,679,427	9,602,248
PARTIAL SALE	2,096,812	4,712,923
RECOVERIES	1,500,000	1,855,134

Two permanent impairments occurred in the first quarter, when Sun Country and D & S Petroleum were unable to sustain themselves and were placed in receivership. The assets of Sun Country are not fully liquidated. The third full investment permanently impaired, Museatex, continues to operate after relocating its operations to the U.S. Vencap chose not to participate in the company's last round of financing and, as a result, our ownership interest has been diluted to the point where we do not see a reasonable chance of recovery.

Management has taken a partial permanent impairment against our investment in Asani International Corporation, reflecting the wind-down of its international trading activities.

During the year, Vencap recovered nearly $1.9 million from investments that previously had been either sold or written off. In addition, shares in three companies which are publicly traded were sold for proceeds of $4.7 million and gains of $2.6 million. Management is actively monitoring the trading prices and escrow periods of our six publicly traded venture investments in order to maximize the realization of profits on exit.

The single most significant transaction in fiscal 1993 was the divestiture of our investment in Westronic Inc., realizing a gain of $5.9 million on proceeds of $9.6 million, for an internal rate of return over the period of the investment of 24.5%.

Management continues to pursue new opportunities, and to invest time and money in portfolio venture companies which we believe will be potential high impact companies on the value of our portfolio.

MARKETABLE SECURITIES The marketable securities portfolio provided $16.6 million of revenue for the year ended March 31, 1993, as opposed to $17.2 million last year. The short-term portfolio was reduced substantially during the year in response to rapid declines in interest rates, while the preferred share portfolio increased substantially recognizing the yields available relative to other investments, and the tax benefit Vencap is able to realize from receiving dividend income. The average return on the total marketable securities portfolio for the year was 11.1%.

Management continues to monitor all marketable securities for credit quality, and is positioning the portfolio for an anticipated increase in interest rates later in fiscal 1994. Management expects the next year to involve continuing repositioning of the marketable securities portfolio.

EXPENSES Vencap's operating expenses rose 6.9% to $5.1 million during the year. The major increases were costs associated with the receiverships of D & S Petroleum and Sun Country Foods, and costs incurred in investigating potential new venture investments. Debenture interest declined to $4.0 million from $4.3 million last year, evidence of the benefit of the program of buying back the 12% convertible debentures. The premium paid on debentures purchased rose to $0.4 million from $0.3 million. The net $0.2 million savings in the service cost of the debentures, which is ongoing to 1998, offsets the higher price being paid on a common share equivalent basis. As discussed earlier, management will reassess whether to continue purchasing the company's common shares and debentures later in this calendar year.

Provincial interest, at approximately 50% of pre-tax income, equated to $5.3 million for the year. Interest rate reductions built into the provincial loan agreement are not expected to come into effect until fiscal 2004.

On the basis of $5.5 million net income earned in fiscal 1992, or $0.47 per share earnings (fully diluted), a dividend of $0.09 per share was paid in July, 1992. Management continues to return capital to all of its major stakeholders – shareholders, debenture holders and the Province of Alberta.

Over the 9.5 year period since inception, Vencap has paid out $157.2 million to its financiers, as compared to the $244 million of capital originally invested.

FUTURE OPERATIONS Vencap has operated for just under 10 years; in the next 5 years it must repay the remaining 12% convertible debentures due in July, 1998, and plan for repayment of $15 million a year to the Province of Alberta commencing in July, 2003. Management has commenced investigation of financing alternatives well in advance of the scheduled maturities of these debts.

Of course, management is also very focused on its daily operations. We expect an active year for the existing venture portfolio, continuing to participate with follow on investments, investigating expansion opportunities and possibly disposing of some current venture investments. We expect the current level of deal flow to continue, as well as the mix of potential investments from within and outside the province. We expect the operating environment to be similar to that experienced in fiscal 1993 - general uncertainty mixed with short shocks and soft periods - but interest rates should begin to drift upward in late 1993. Over-all, we anticipate a year that produces net results similar to the year ended March 31, 1993.

MANAGEMENT'S REPORTING RESPONSIBILITY

The accompanying financial statements of Vencap Equities Alberta Ltd. and all information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. The financial statements include some amounts that are based on best estimates and judgments. Financial information used elsewhere in the annual report is consistent with that in the financial statements.

Management of the corporation, in furtherance of the integrity and objectivity of data in the financial statements, has developed and maintains a comprehensive system of internal accounting controls. Management believes that this system of internal accounting controls provides reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements and that assets are properly accounted for and safeguarded. The internal accounting control process includes management's communication to employees of policies which govern ethical business conduct.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee, consisting solely of outside directors. The Audit Committee reviews the corporation's annual financial statements and recommends their approval to the Board of Directors. The shareholders' auditors have full access to the Audit Committee, with and without management being present.

The financial statements have been examined by the shareholders' auditors, Price Waterhouse, Chartered Accountants, and their report is presented below.

R.A. (Sandy) Slator
President
and Chief Executive Officer

Ian T. Morris
Vice President and
Chief Financial Officer

AUDITORS' REPORT

TO THE SHAREHOLDERS OF VENCAP EQUITIES ALBERTA LTD.

We have audited the balance sheet of Vencap Equities Alberta Ltd. as at March 31,1993 and the statements of income, changes in financial position and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31,1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Price Waterhouse
Chartered Accountants
Edmonton, Alberta
April 30, 1993

ASSETS

Marketable securities are the funds available for Vencap to invest in venture capital opportunities and which currently are deposited in bonds, term deposits and preferred shares with minimal risk exposure.

The major risk is in the venture portfolio. This amount reflects the cost to Vencap adjusted for certain potential unrealized gains, losses, and accumulated permanent impairments, as described in Note 1. The venture investment portfolio is detailed on pages 6 and 7 of this Annual Report.

LIABILITIES AND SHAREHOLDERS' EQUITY

The company has minimal current liabilities.

Long-term debt relates to the original public offering. The 12% convertible debentures, issued as part of the original common share and convertible debenture units, are not repayable until 1998. The Province of Alberta loan is reduced by $1,000 each year until 2003, when payments of $15,000,000 commence. Interest on this loan is paid annually, calculated as approximately 50% of pre-tax income.

Shareholders' equity represents the net asset value accumulating on behalf of the shareholders. The company began in 1983 with $4,000,000 of share capital. Equity at year-end of $53,267,000 is an accumulation of earnings adjusted for other capital distributions, including dividends.

BALANCE SHEET

(Thousands)

	MARCH 31 1993	MARCH 31 1992
ASSETS		
Current assets		
Cash	$ 145	$ 266
Accounts receivable *(Note 2)*	3,159	4,288
Income taxes recoverable	36	224
Marketable securities maturing within one year *(Note 3)*	30,578	75,409
	33,918	80,187
Marketable securities maturing after one year *(Note 3)*	144,857	102,282
Venture investments *(Note 4)*	113,486	109,330
Other assets *(Note 5)*	1,004	885
	$293,265	$292,684
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 838	$ 967
Accrued interest payable	6,307	6,470
	7,145	7,437
Long-term debt		
Convertible debentures *(Note 6)*	32,862	34,491
Province of Alberta loan *(Note 7)*	199,991	199,992
	232,853	234,483
Shareholders' equity	53,267	50,764
	$293,265	$292,684
NET ASSET VALUE PER COMMON SHARE *(Note 10)*		
Basic	$ 14.44	$ 13.06
Fully diluted	$ 5.67	$ 5.41

APPROVED ON BEHALF OF THE BOARD

D A Carlson

Director

Director

STATEMENT OF INCOME

(Thousands)

	YEAR ENDED MARCH 31 1993	1992
VENTURE INVESTMENTS		
Interest and dividend income	$ 3,709	$ 3,636
Gains on disposition	8,894	1,330
Losses on disposition	–	(653)
Permanent impairment of value	(9,003)	(1,292)
MARKETABLE SECURITIES		
Interest and dividend income	14,227	17,139
Gains on disposition	2,346	36
	20,173	20,196
EXPENSES		
Interest on Province of Alberta loan	5,346	5,462
Debenture interest and premium	4,384	4,505
Operating	5,096	4,767
	14,826	14,734
Income before income taxes	5,347	5,462
Provision for (recovery of) income taxes *(Note 9)*	182	(30)
NET INCOME	$ 5,165	$ 5,492
EARNINGS PER COMMON SHARE *(Note 10)*		
Basic	$ 1.39	$ 1.36
Fully diluted	$ 0.47	$ 0.47

This statement reflects income and expenses for the year. Income is derived from two sources – the venture portfolio and marketable securities.

A sale of a venture investment results either in a gain or loss. Certain ventures pay interest or dividend income. Since 1983, Vencap has earned $23.2 million in interest and dividend income from the companies in its venture portfolio. A permanent impairment is recorded to reflect an irreversible loss in the value of a venture investment without the actual sale of the investment.

Income from marketable securities is principally interest or dividends, although a gain or loss may occur if a security is sold before its maturity.

Expenses represent the cost to Vencap of doing business and include the amount that Vencap will pay as interest on its loan from the Province of Alberta. Since 1983, Vencap has paid $63.1 million in interest to the Province.

Net income is added to retained earnings within the "Statement of Changes in Shareholders' Equity".

While the "Balance Sheet" shows the company's financial position at year-end and the "Statement of Income" shows the net of revenues less expenses, the "Statement of Changes in Financial Position" illustrates how the financial resources of the company were generated and used, and the closing cash position of the company.

Cash provided by (used for) OPERATIONS reflects net income, adjusted for changes that did not involve the outlay of operating funds.

Cash provided by (used for) FINANCING relates specifically to changes in Vencap's financial structure of common shares, convertible debentures, and the Province of Alberta loan. These items include events such as the purchase and cancellation of both common shares and debentures.

Cash provided by (used for) INVESTMENTS reflects the cash inflows and outflows relating to both venture transactions and marketable securities.

STATEMENT OF CHANGES IN FINANCIAL POSITION

(Thousands)

	YEAR ENDED MARCH 31	
	1993	1992
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Net income	$ 5,165	$ 5,492
Depreciation	166	187
Premium on purchase of debentures	392	245
Venture investments -		
Gains on disposition	(8,894)	(1,330)
Losses on disposition	–	653
Permanent impairment of value	9,003	1,292
Marketable securities -		
Gains on disposition	(2,346)	(36)
	3,486	6,503
Net changes in working capital balances -		
Income taxes recoverable	188	741
Accounts receivable	1,129	303
Accrued interest payable	(163)	4,707
Other	(414)	39
	4,226	12,293
FINANCING		
Purchase and cancellation of common shares	(1,173)	(842)
Issuance of Class B preferred shares	349	–
Purchase and cancellation of debentures	(2,020)	(1,535)
Dividends	(339)	(362)
Province of Alberta loan	(1)	(1)
	(3,184)	(2,740)
INVESTMENTS		
Venture investments, net of return of capital	(22,785)	(30,220)
Proceeds on disposition of venture investments	17,020	5,565
Marketable securities	4,602	15,230
	(1,163)	(9,425)
Increase (decrease) in cash	(121)	128
Cash, beginning of year	266	138
CASH, END OF YEAR	$ 145	$ 266

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands)

	CLASS B PREFERRED SHARES	COMMON SHARES	RETAINED EARNINGS	ALLOWANCE FOR NET UNREALIZED GAINS (LOSSES) ON VENTURE INVESTMENTS	TOTAL
BALANCE, MARCH 31, 1991	$249	$3,995	$48,971	$(4,500)	$48,715
Net income for the year	–	–	5,492	–	5,492
Dividends					
($0.09 per common share)	–	–	(362)	–	(362)
Increase in allowance for net					
unrealized gains (losses)					
on venture investments	–	–	–	(2,500)	(2,500)
Share transactions (Note 8)					
Purchased and cancelled	–	(295)	(547)	–	(842)
Converted	(79)	79	–	–	–
Debenture conversion	–	261	–	–	261
BALANCE, MARCH 31, 1992	170	4,040	53,554	(7,000)	50,764
Net income for the year	–	–	5,165	–	5,165
Dividends					
($0.09 per common share)	–	–	(339)	–	(339)
Increase in allowance for net					
unrealized gains (losses)					
on venture investments	–	–	–	(1,500)	(1,500)
Share transactions (Note 8)					
Issued	369	–	–	–	369
Purchased and cancelled	(20)	(351)	(822)	–	(1,193)
Converted	(29)	29	–	–	–
Debenture conversion	–	1	–	–	1
BALANCE, MARCH 31, 1993	$490	$3,719	$57,558	$(8,500)	$53,267

This statement records changes in shareholders' equity over a two-year period.

The inclusion of net income within shareholders' equity illustrates that earnings accumulated over time accrue to the shareholders.

The amount of allowance provided is of particular interest in that it represents the risk that Vencap believes to be associated with its venture investment portfolio at March 31, 1993.

Share account balances comprise the capital originally committed by the shareholders, as well as any transactions between Vencap and its shareholders.

1

Summary of significant accounting policies

MARKETABLE SECURITIES –

Marketable securities maturing within one year, consisting of bonds and preferred shares with predetermined maturities, are recorded at cost.

Marketable securities maturing after one year are recorded at cost unless there has been a permanent impairment in value. A loss associated with a permanent impairment would be reflected in the statement of income.

VENTURE INVESTMENTS –

Venture investments having quoted market values and which are publicly traded on a recognized exchange are recorded at values based on the quoted market prices at the balance sheet date.

Venture investments not having quoted market values are recorded at directors' estimates of fair value. Fair value is defined as the expected realization if venture investments were disposed of in an orderly distribution over a reasonable period of time.

Realized gains or losses on disposition of venture investments, together with losses incurred when the value of investments has been permanently impaired, are recorded in the statement of income. Unrealized gains or losses in the value of investments, net of applicable interest on the Province of Alberta loan and income taxes, are reflected as a separate element in the statement of changes in shareholders' equity.

The valuation procedure includes preparation by management, on a quarterly basis, of a written summary of the status of each venture investment. The Audit Committee reviews each investment to determine its carrying value, and the Board of Directors approves the final valuation. The valuation process includes inherent uncertainties and the values determined might differ from values that would have been obtained had a ready market existed for disposing of the investments.

Venture investing activities include a clearly demonstrated intention to dispose of these investments in due course. Events occurring during the holding period of a particular venture investment may result in the company having the right to elect a majority of an investee's Board of Directors. However, because such control may be waived or rectified and is not intended to continue, a parent-subsidiary relationship does not exist. Accordingly, the accounts of investee companies in which Vencap holds greater than 50% of the voting rights are not consolidated with those of the company.

2

Accounts receivable
(Thousands)

	1993	1992
Interest and dividends receivable	$2,975	$3,234
Proceeds from sale of venture investment	–	804
Other	184	250
	$3,159	$4,288

3

Marketable securities (Thousands)

MATURING WITHIN ONE YEAR –

	1993 COST	1993 MARKET VALUE	1992 COST	1992 MARKET VALUE
Government bonds	$ 5,084	$ 5,165	$ 7,527	$ 7,659
Term deposits	25,494	25,494	51,512	51,512
Preferred shares	–	–	16,370	15,802
	$30,578	$30,659	$75,409	$74,973

MATURING AFTER ONE YEAR –

	1993 COST	1993 MARKET VALUE	1992 COST	1992 MARKET VALUE
Government bonds	$ 60,659	$ 63,305	$ 52,110	$ 54,217
Preferred shares	84,198	87,423	50,172	50,433
	$144,857	$150,728	$102,282	$104,650

4

Venture investments (Thousands)

VENTURE INVESTMENTS ARE HELD IN THE FOLLOWING INSTRUMENTS –

	1993	1992
Preferred shares	$ 47,977	$ 47,610
Common shares	56,577	50,046
Loans	17,432	18,674
	121,986	116,330
Allowance for net unrealized gains (losses)	(8,500)	(7,000)
	$113,486	$109,330

The majority of the preferred shares include rights to convert to common shares.

DURING THE YEAR, VENTURE INVESTMENTS INCREASED AS FOLLOWS –

	1993	1992
New investments	$ 24,252	$ 31,377
Return of capital	(1,467)	(1,157)
Dispositions, at cost	(8,126)	(4,889)
Permanent impairment of value	(9,003)	(1,292)
	5,656	24,039
Increase in allowance for net unrealized gains (losses)	(1,500)	(2,500)
	$ 4,156	$ 21,539

5

Other assets
(Thousands)

	1993	1992
Fixed assets, at cost less accumulated depreciation	$ 258	$ 414
Employee share purchase loans	746	471
	$1,004	$ 885

The share purchase loans are provided interest-free to employees in connection with their purchase of Class B preferred shares. The loans are secured by demand promissory notes and the related shares, and are repayable at the earliest of demand by the company, 10 years from the date of issue, sale of common shares received upon conversion, or termination of employment. The loans are reduced by 75% of any dividends paid during the year, and by any other repayments.

6

Convertible debentures
(Thousands)

THE FOLLOWING TRANSACTIONS OCCURRED DURING THE YEAR -

	1993	1992
Balance beginning of year	$34,491	$36,042
Conversion into common shares	(1)	(261)
Purchased and cancelled under Normal Course Issuer Bids	(1,628)	(1,290)
Balance end of year	$32,862	$34,491

The convertible debentures, due July 2, 1998, bear interest at 12% per annum payable semi-annually on the second day of January and July in each year. The debentures are convertible until maturity at the option of the holders into common shares at a conversion price of $4.00 per common share. If all debentures outstanding were converted at March 31, 1993, 8,215,375 common shares would be issued.

During the year, debentures were purchased for cancellation under the terms of Normal Course Issuer Bids dated October 30, 1991 and November 9, 1992. The premium of $392,000 (1992 - $245,000) on purchase of the debentures has been expensed.

7

Province of Alberta loan

The Province of Alberta loan is to be repaid in instalments of $1,000 each year through to 2002 and $15,000,000 in each of the years 2003 to 2012 inclusive, with the balance due in 2013. Interest is calculated as a percentage of the company's pre-tax income, defined as income before deducting income taxes, and excluding interest on the Province of Alberta loan and interest on any debt subordinated to the Province of Alberta loan. Interest continues to be payable from 2013 to 2033 at the rate of 10% of pre-tax income, as defined above.

The loan is secured by a debenture which provides for a fixed charge on securities owned by the company having an aggregate book value of $175,000,000. The debenture also provides for a floating charge on all the company's assets and an assignment of receivables.

The Province of Alberta has an option to purchase up to 4,000,000 Special Shares at a price of $1.00 per share. Any number of Special Shares, if issued, would have 20% of the total number of votes attaching to all shares eligible to vote at meetings of the shareholders.

8

Share capital

AUTHORIZED -

Unlimited number of Class A preferred shares
Unlimited number of Class B preferred shares
Unlimited number of Special Shares
Unlimited number of common shares

ISSUED -

	CLASS B PREFERRED SHARES NUMBER OF SHARES	AMOUNT	COMMON SHARES NUMBER OF SHARES	AMOUNT
		(Thousands)		*(Thousands)*
BALANCE AT MARCH 31, 1991	16,600	$249	3,893,865	$3,995
Cancellation under Issuer Bid	–	–	(277,100)	(295)
Conversion of Class B shares	(5,300)	(79)	53,000	79
Conversion of debentures	–	–	104,400	261
BALANCE AT MARCH 31, 1992	11,300	170	3,774,165	4,040
Issuance of Class B shares	14,000	369	–	–
Redemption of Class B shares	(1,000)	(20)	–	–
Cancellation under Issuer Bid	–	–	(327,550)	(351)
Conversion of Class B shares	(1,900)	(29)	19,000	29
Conversion of debentures	–	–	250	1
BALANCE AT MARCH 31, 1993	22,400	$490	3,465,865	$3,719

The company has designated 50,000 non-voting Class B preferred shares - Series 1 for purchase by employees. Each share can be converted into 10 common shares and is entitled to receive dividends equal to ten times the amount of cash dividends declared on each common share.

Under the terms of Normal Course Issuer Bids dated October 30, 1991, and November 9, 1992, the company purchased its common shares. The excess of the purchase price over carrying value, in the amount of $822,000 (1992 - $548,000), was charged to retained earnings.

9

Income taxes

(Thousands)

The provision for income taxes differs from the amount computed by applying the combined federal and provincial income tax rate to income before income taxes. The differences are as follows:

	1993	1992
Income before income taxes	$ 5,347	$ 5,462
Combined federal and provincial income tax rate	44.34%	44.34%
Computed provision for income taxes	$ 2,371	$ 2,422
Increase (decrease) in income taxes resulting from -		
Non-taxable dividend income	(4,166)	(4,275)
Current non-capital losses not recognized for accounting purposes	3,128	1,368
Items credited to operations taxed at less than full rates	(1,554)	–
Tax on large corporations	181	180
Other	222	275
Provision for (recovery of) income taxes	$ 182	$ (30)

The company has non-capital losses of approximately $15,400,000 available to offset future taxable income, which expire in 1999 and 2000. In addition, the company has allowable capital losses of approximately $2,300,000 which may be carried forward indefinitely to reduce future taxable capital gains. The potential benefit of these losses has not been recognized in the financial statements.

10

Earnings and net asset value per common share

The calculation of basic earnings per share is based on the weighted average number of common and Class B preferred shares outstanding during the year.

Fully diluted earnings per share consider the dilutive impact of the conversion of the convertible debentures (Note 6) and the exercise of the Province of Alberta Special Share option (Note 7), as if such events had occurred at the beginning of the year.

Basic net asset value per share is calculated based on the number of common and Class B preferred shares outstanding at the end of the year. The calculation of fully diluted net asset value per share reflects the dilutive effect of the conversion of the convertible debentures and exercise of the Province of Alberta Special Share option.

11

Contingencies and commitments

Amounts totalling $715,000 remain in escrow from prior years' dispositions of venture investments. Future amounts received by the company, net of related costs, will be included in income when the escrow conditions are satisfied.

As a condition of disposition of a venture investment during a prior year, the company may be liable for certain environmental clean-up costs. The amount of any payment which may be required cannot currently be determined, but is not expected to be significant.

The company is a defendant in a number of legal actions. Management is of the opinion that there will be no material liabilities arising from these actions.

The company is committed for rental of office space in the amount of approximately $140,000 for each of the next four years.

VENCAP DIRECTORY

BOARD OF DIRECTORS

John E. Barry
President
JEB Investments Ltd.

Don Carlson
Chairman of the Board
Vencap Equities Alberta Ltd.

Dr. Robert B. (Bob) Church
Professor Emeritus,
Department of Medical
Biochemistry, Faculty of
Medicine, University of Calgary

Robert J. Elliott
President
Zeidler Forest Industries Ltd.

J. Gregory Greenough
President
Maclab Enterprises

Peter L.P. Macdonnell,
C.M., Q.C.*
Partner, Milner Fenerty
Barristers and Solicitors

J.R. (Bud) McCaig
Chairman and
Chief Executive Officer
Trimac Limited

J.H. (Jack) Nodwell
Chairman and
Chief Executive Officer
Canadian Foremost Ltd.

Daryl K. Seaman*
Chairman
Dox Investments Inc.

R.A. (Sandy) Slator
President and
Chief Executive Officer
Vencap Equities Alberta Ltd.

Dr. John D. Wood
President and
Chief Executive Officer
Canadian Utilities Limited

John B. Zaozirny, Q.C.
Counsel
McCarthy Tétrault
Barristers and Solicitors

*Retired mid-year.
Not standing for re-election*

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Telephone: (403) 420-1171 Facsimile: (403) 429-2451

2000, 800 - 5 Avenue SW, Calgary, Alberta T2P 3T6
Telephone: (403) 237-8101 Facsimile: (403) 264-0324

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In Calgary, investment enquiries should be directed to:

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Vice President

F.W. (Woody) Kuehn
Vice President

Lane Kranenburg
Investment Manager

Dr. Bill Cochrane
Medical Technologies
Consultant

In Edmonton, investment enquiries should be directed to:

David E. Stitt
Vice President

W.R. (Bill) McKenzie
Investment Manager

Thomas K. Rice
Investment Manager

Frank L. Stack
Investment Manager

ALSO LOCATED IN EDMONTON:

R.A. (Sandy) Slator
President and
Chief Executive Officer

Ian T. Morris
Vice President, Chief
Financial Officer and Secretary

Janet G. Goodwin
Manager,
Investor Relations

Betty J. Graber
Executive Assistant
to the President

Marjorie M. Ratzlaff
Assistant Controller

M. Christine Stacey
Controller

AUDITORS

Price Waterhouse
Chartered Accountants

LAWYERS

Milner Fenerty
Barristers & Solicitors

BANKERS

Royal Bank of Canada

VENCAP EQUITIES ALBERTA LTD. IS INCORPORATED under the laws of The Province of Alberta. Common shares and convertible debentures of the corporation are listed on The Alberta Stock Exchange, symbol VCE (common shares) and VCE.X (convertible debentures). Fiscal year-end: March 31. Interim reports issued: August, November, February.

COMMITTEES

EXECUTIVE:

Don Carlson, Chairman
J. Gregory Greenough
J.H. (Jack) Nodwell
R.A. (Sandy) Slator
John B. Zaozirny, Q.C.

AUDIT:

Robert J. Elliott, Chairman
John E. Barry
Dr. Robert B. (Bob) Church

HUMAN RESOURCES & COMPENSATION:

Dr. John D. Wood, Chairman
J. Gregory Greenough
J.R. (Bud) McCaig

Shareholders with changes of address or seeking information or assistance concerning their holdings should contact Vencap's Registrar and Transfer Agent:
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600 Dome Tower
Toronto Dominion Square
333 - 7th Avenue S.W.
Calgary, Alberta
T2P 2Z1
Telephone: 1-800-665-3906

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